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ACTION AF-18

INFO OCT-01 EUR-20 EA-10 NEA-13 OEP-01 INT-06 E-15 COM-08
TRSY-11 STR-08 L-04 CIAE-00 DODE-00 INR-07 NSAE-00
P-03 RSC-01 USIA-12 PRS-01 SS-20 NSC-10 H-02 AID-28
CEA-02 RSR-01 /202 W
054995

R 190704Z AUG 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 6754
INFO AMEMBASSY BEIRUT
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMCONSUL DHAHRAN
AMEMBASSY THE HAGUE
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TOKYO
AMEMBASSY VIENNA
USMISSION USEC
USMISSION NATO
USMISSION OECD PARIS
AMEMBASSY BENGHAZI

DEPARTMENT OF STATE A/CDC/MR
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DECLASSIFIED ☐ RELEASABLE ☑
RELEASE DENIED ☐
PA or FOI EXEMPTIONS

Tripoli 1963 8/19/70

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SUBJ: LIBYAN OIL PRODUCTION CONTROLS

REF: TRIPOLI 1658 & 1836

1. OIL PRODUCTION CONTROLS IMPOSED ON MOBIL/GELSENBERG BECAME EFFECTIVE AUG 15, AS SCHEDULED. ALLOWABLES FIXED BY WELL, AS HAS BEEN DONE FOR OTHER COMPANIES, RESTRICTING PRODUCTION TO

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MIXIMUM OF 222,146 B/D. A CUTBACK OF 55,000 B/D OR 20 PERCENT BELOW AVERAGE PRODUCTION RATE FOR FIRST SIX MONTHS 1970. CUTBACK MUCH MORE SEVERE THAN MOBIL HAD EXPECTED. ONE FIELD, HOFRA, ORDERED REDUCED BY OVER 80 PERCENT, WHICH PROBABLY WILL FORCE COMPLETE SHUT-IN--THUS LOSING MOBIL ADDITIONAL 2,000 B/D.

2. MINISTRY PETROLEUM ALSO HAS IMPOSED ADDITIONAL CUTBACK ON OCCIDENTAL BY ORDERING PRODUCTION FROM ITS AUGILA FIELD IN CONCESSION 102 REDUCED BY ABOUT 50 PERCENT TO MAXIMUM OF APPROXIMATELY 60,000 B/D. AUGILA IS ON SAME STRUCTURE AS AMOSEAS' NAFOORA FIELD--ON WHICH CONTROLS WERE IMPOSED IN JUNE--HENCE OXY HAD ANTICIPATED SOME RESTRICTION OF PRODUCTION BUT MUCH ABOVE LEVEL IMPOSED. LATEST CUTBACK ALSO BECAME EFFECTIVE AUGUST 15 AND HITS OXY PARTICULARLY HARD, FOR AUGILA WAS ITS LAST UNRESTRICTED FIELD. OXY HAD PARTIALLY OFFSET ITS EARLIER PRODUCTION CUTS BY INCREASING OUTPUT AT AUGILA FROM 90,000 TO ABOUT 120,000 B/D SINCE CONTROLS BEGAN TO BE IMPOSED IN MAY. AS NEARLY AS EMB CAN DETERMINE, OXY NOW RESTRICTED TO PRODUCTION OF ABOUT 420,000 B/D.

4. MINISTRY PETROLEUM CURRENTLY IS DISCUSSING RESERVOIR DATA WITH BP/BUNKER HUNT, PREPARATORY TO DEFINING ALLOWABLES FOR ITS WELLS. THIS IS FIRST CASE IN WHICH REVIEW OF DATA HAS PRECEDED ANNOUNCEMENT OF ALLOWABLES AND PERHAPS INDICATES MINISTRY HAS GAINED ENOUGH EXPERIENCE AND SELF CONFIDENCE TO TRY TO AVOID TECHNICAL ERRORS COMPANIES CONTEND IT HAS MADE IN PAST--AT LEAST THIS IS BP'S VIEW. BP ALSO IS HOPEFUL IT CAN DEMONSTRATE SUCCESSFULLY THAT PRODUCTION CUT-BACK, UNDER PRESENT RULES, IS UNJUSTIFIED IN ITS CASE OR AT LEAST CONTAIN CUT-BACK TO NOMINAL FIGURE OF PERHAPS 5,000 B/D. SINCE BP-/HUNT'S SARIR FIELD HAS MOST FAVORABLE PRODUCTION/RESERVE RATION OF ANY MAJOR FIELD IN LIBYA, THIS SEEMS TO BE GOOD POSSIBILITY.

5. AMONG OTHER MAJOR PRODUCERS, REDUCTION OF ESSO'S PRODUCTION BY ABOUT 35,000 B/D TO MAXIMUM OF 700,000 CONTINUES TO BE WIDELY ANTICPATED.

6. FOR RECORD, COMPANIES ON WHICH PRODUCTION RESTRICTIONS HAVE BEEN IMPOSED, CURRENTLY ARE LIMITED AS FOLLOWS (QUANTITIES IN THOUSANDS OF BARRELS PER DAY):

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AMOSEAS	275
MOBIL/GELSENBERG	222
OASIS	895
OCCIDENTAL	420

EMBI ESTIMATES CURRENT LIBYAN OIL PRODUCTION AT 2.98 MILLION B/D--LOWEST LEVEL SINCE FEB 1969 AND ABOUT 700,000 B/D BELOW APRIL 1970 PRODUCTION PEAK. DECON 8/7
JOSIF

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